#### § 226.3

deposits and that adequate monitoring of the financial condition of the insured institutions is conducted.

#### § 226.3 Application—termination.

- (a) Every Insurance Organization applying for recognition as a qualified insurer of financial institutions designated as Treasury tax and loan depositaries shall address a written request to the Assistant Commissioner, Comptroller, Financial Management Service, Department of the Treasury, Washington, DC 20226, who will notify the applicant of the data which is necessary to make application. If the Secretary of the Treasury is satisfied that:
- (1) One or more institutions insured by the applicant otherwise meet the Secretary's requirements for designation as a Treasury tax and loan depositary or Federal tax depositary,
- (2) The insurance provided by the applicant covers public money of the United States, and
- (3) The insurance coverage provided affords adequate security to the Government's deposits, the Secretary shall recognize the applicant as a qualified insurer of financial institutions designated as Treasury tax and loan depositaries.
- (b) If and when the Secretary of the Treasury determines that a qualified insurance organization's financial condition is such that it no longer provides adequate security or that it is not complying with the regulations of this part, the Secretary will notify the Insurance Organization of the facts or conduct which cause him to make such determination, and in those cases where the safety of the Government's funds allows, provide the Insurance Organization with an opportunity to correct the deficiency. When any deficiency has not been corrected to his satisfaction or, where the safety of Government funds makes immediate revocation imperative, the Secretary will revoke the recognition previously granted.

Note: For a delegation of authority to perform the functions described in §§ 226.3 and 226.4, see 44 FR 19406 of the FEDERAL REGISTER of April 3, 1979.

[43 FR 18972, May 2, 1978, as amended at 44 FR 19406, Apr. 3, 1979; 49 FR 47002, Nov. 30, 1984]

# § 226.4 Adequacy of security—how computed.

- (a) In qualifying Insurance Organizations, the Treasury will use a ratio (equity (net worth) of the insurance organization divided by insured accounts or deposits) to determine if the security is adequate. The ratio will be computed as determined by the Treasury, and is required to equal 0.0045 or greater for an Insurance Organization to be recognized (i.e., net worth is required to equal 0.45 of 1 percent of insured accounts or deposits).
- (b) If, in the judgment of the Secretary of the Treasury, any of the Insurance Organization's assets which cannot be liquidated promptly or are subject to restriction, encumbrance, or discredit, all or part of the value of such assets may be deducted from equity in making the computation. The Secretary of the Treasury may value the assets and liabilities in his discretion.
- (c) An Insurance Organization's unqualified borrowing authority from its sponsoring State will be added to its equity in making the computation because such authority is equivalent to additional capitalization. An Insurance Organization's commercial borrowing authority and its reinsurance will be disregarded in making the computation, because these are not adequate substitutes for undercapitalization.

Note: For a delegation of authority to perform the functions described in \$226.3 and 226.4, see 44 FR 19406 of the FEDERAL REGISTER of April 3, 1979.

[43 FR 18972, May 2, 1978, as amended at 44 FR 19406, Apr. 3, 1979]

# § 226.5 Examinations.

- (a) Examinations by State regulatory authorities or audits by CPA firms of Insurance Organizations shall be performed in accordance with, and at intervals prescribed by, State regulatory procedures. Copies of the reports shall be submitted to the Treasury.
- (b) Examinations by State regulatory authorities or audits by CPA firms of insured financial institutions shall be performed in accordance with, and at

# Fiscal Service, Treasury

intervals prescribed by, State regulatory procedures. In addition, an adequate monitoring system shall be employed to detect those institutions with financial problems.

# $\S 226.6$ Financial reports.

Financial reports of Insurance Organizations shall be submitted to the Treasury at the same intervals they are submitted to State regulatory authorities. However, they need not be submitted more frequently than quarterly but, as a minimum, shall be submitted annually. The Treasury may prescribe the format of such reports.

## § 226.7 Effective date.

The provisions of this part become effective November 2, 1978.

[43 FR 47506, Oct. 16, 1978]

# PART 235—ISSUANCE OF SETTLE-MENT CHECKS FOR FORGED CHECKS DRAWN ON DES-IGNATED DEPOSITARIES

Sec.

235.1 Scope of regulations.

235.2 Definition.

235.3 Settlement of claims.

235.4 Check Forgery Insurance Fund.

235.5 Reclamation amounts.

235.6 Implementing instructions.

AUTHORITY: 31 U.S.C. 3343.

Source: 40 FR 6785, Feb. 14, 1975, unless otherwise noted.

#### §235.1 Scope of regulations.

This part governs the issuance of settlement checks for checks drawn on designated depositaries of the United States by accountable officers of the United States, that have been negotiated and paid on a forged or unauthorized indorsement

[40 FR 6785, Feb. 14, 1975, as amended at 54 FR 35642, Aug. 29, 1989]

#### §235.2 Definition.

Accountable Officers of the United States, as used in these regulations, means disbursing officers authorized by the Secretary of the Treasury to maintain official accounts of the United States in depositary banks located in the United States, its territories, and foreign countries, and to draw checks

thereon in dollars or in foreign currencies.

#### § 235.3 Settlement of claims.

Upon receipt of a claim by a payee or special indorsee on a check determined to have been paid on a forged indorsement under conditions satisfying the provisions set forth in 31 U.S.C. 3343, accountable officers of the United States, with respect to a check drawn on designated depositaries of the United States, in dollars or in foreign currency, shall cause to be issued a settlement check in the appropriate currency to the payee or special indorsee.

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, 47002, Nov. 30, 1984; 54 FR 35642, Aug. 29, 1989]

#### § 235.4 Check Forgery Insurance Fund.

The Check Forgery Insurance Fund, established pursuant to 31 U.S.C. 3343, shall be available for use by the Commissioner, Financial Management Service, and accountable officers of the United States for the purpose of providing funding for settlements made to a payee or special indorsee pursuant to these regulations.

[40 FR 6785, Feb. 14, 1975, as amended at 49 FR 47001, 47002, Nov. 30, 1984]

#### §235.5 Reclamation amounts.

Amounts received by way of reclamation on forged checks shall be deposited to the credit of the Check Forgery Insurance Fund or to the appropriate foreign currency fund or other account charged for the settlement payment.

# § 235.6 Implementing instructions.

Procedural instructions implementing these regulations will be issued by the Commissioner of the Financial Management Service in volume I, part 4 of the Treasury Financial Manual.

[54 FR 35642, Aug. 29, 1989]

# PART 240—INDORSEMENT AND PAYMENT OF CHECKS DRAWN ON THE UNITED STATES TREASURY

GENERAL PROVISIONS

Sec.

240.1 Scope of regulations.